

## Message Text

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ACTION EUR-25

INFO OCT-01 AF-10 ARA-16 EA-11 NEA-10 IO-14 ISO-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 COME-00 INRE-00

SSO-00 NSCE-00 EB-11 CIEP-02 OMB-01 TRSE-00 SCEM-02

SCI-06 INT-08 DRC-01 /195 W

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R 282030Z DEC 73

FM USMISSION OECD PARIS

TO SECSTATE WASHDC 1499

INFO AMEMBASSY ABU DHABI

USINT ALG\*ERS

AMEMBASSY ANKARA

AMEMBASSY ATHES

AMEMBASSY BEIRUT ?

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY CARAAS

AMEMBASSY COPENHAGEN

AMEMBASSY JAKARTA

AMEMBASSY DUBLIN

A EMBA\*SY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LISBON

AMEMBASSY LONDON

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AMEMBASSY NE DELHI

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AMEMBASSY OTTAWA

AMEMBASSY PARIS  
AMEMBASSY REYKJAVIK  
AMEMBASSY ROME  
AMEMBASSY STOCKHOLM  
AMEMBASSY TEHRAN  
AMEMBASSY TOKYO  
AMEMBASSY TRIPOLI  
AMEMBASSY VIENNA  
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E.O. 11652: N/A  
TAGS: ENRG, ECON, EFIN, OECD  
SUBJECT: IMPACT OIL PRICE HIKE ON OECD IMPORT BPL

REF: USMISSION OECD 32727

1. SUMMARY. EUROPEAN PRESS CURRENTLY REPORTING OECD HAS MADE CALCULATION SHOWING OCTOBER AND DECEMBER OIL PRICE INCREASES WILL ADD \$50 BILLION TO OECD IMPORT BILL IN 1974. CALCULATION NOT OECD'S BUT THAT OF AGENCIE FRANCE PRESSE, WHICH EXTRAPOLATED EFFECT DECEMBER PRICE RISE FROM EARLIER OECD FIGURES. END SUMMARY.

2. LE MONDE, INTERNATIONAL HERALD TRIBUNE AND FINANCIAL TIMES, DEC 2 REPORT OECD EXPERTS HAVE MADE CALCULATION THAT OCT AND DEC OIL PRICE INCREASES WILL ADD \$50 BILLION TO OECD IMPORT BILL IN 1974. OECD HAS NOT MADE ANY CALCULATIONS YET OF EFFECT OF DECEMBER PRICE INCREASE. THESE PRESS STORIES ARE APPARENTLY INTERPRETATIONS OF AN AGENCIE FRANCE PRESSE REPORT OF DEC 26 WHICH CALCULATED ADDITIONAL IMPORT COST OF DEC PRICE INCREASE ON BASIS FIGURES IN TABLE 5, OECD ECONOMIC OUTLOOK, NO. 14, RELEASED DEC 21 (REFTEL). OECD FIGURES TAKE INTO ACCOUNT IMPORT PRICE INCREASES ONLY OF OCT AND ASSUME NO REDUCTION OIL VOLUME FORSEEN FOR 1974. AFP APPRENTLY MADE SIMPLE PROPORTIONAL ADJUSTMENT IN OECD FIGURES TO TAKE ACCOUNT DEC INCREASE IN PRODUCER GOVERNMENT TAKE FROM \$3.30 TO \$7.00 FOR LIMITED OFFICIAL USE

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AABIAN LIGHT CRUDE AND ARRIVED AT \$35 BILLION FOR ADDITIONAL OECD IMPORT COSTS. THIS FIGURE ADDED TO \$15 BILLION CALCULATED BY OECD FOR OCT PRICE HIKE EQUALS \$50 BILLION.

3. FOLLOWING ARE AFP CALCULATIONS, OECD ECONOMIC UTLOOK FIGURES IN PARENTHESSES, AS AFP REPORTED THEM:

TOTAL PAYMENTS AFTER THE TWO PRICE INCREASES

(IN MILLIONS OF DOLLARS)

UNITED STATES	9,075	(2,750)
JAPAN	9,075	(2,750)
GERMANY	5,775	(1,750)
FRANCE	5,000	(1,500)
ITALY	4,125	(1,250)
GREAT BRITAIN	4,125	(1,250)
BELGIUM/LUXEMBOURG	1,650	(500)
NETHERLANDS	1,650	(500)
SWEDEN	1,155	(350)
SPAIN	990	(300)
CANADA	825	(250)
DENMARK	825	(250)
SWITZERLAND	825	(250)
FINLAND	500	(150)
AUSTRALIA	330	(100)
AUSTRIA	330	(100)

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NORWAY        330        (100)

4. MISSION, USING APP TECHNIQUE, ARRIVES AT BROADLY SIMILAR CONCLUSION THAT TOTAL INCREASE IN OECD IMPORT BILL RESULTING FROM DEC PRICE HIKE WOULD BE \$36 BILLION AND FOR NON-OECD COUNTRIES \$6 BILLION. THUS, TOTAL ADDITIONAL IMPORT COST OF OCT AND DEC PRICE HIKES WOULD BE \$51 BILLION FOR OECD AND \$8.5 BILLION FOR NON-OECD COUNTRIES IN 1974. HOWEVER, WE WOULD EXPECT THAT CONSUMPTION IN 1974 WOULD BE REDUCED FROM LEVELS FORESEE PRE-OCTOBER BY NATIONAL CONSERVATION MEASURES, AS WELL AS BY THE DEMAND EFFECTS OF GREATLY INCREASED OIL PRICES.

5. SEC GEN HAS CALLED LATE AFTERNOON MEETING OF HIGH-LEVEL GROUP HEADS OF DELS AT WHICH WE EXPECT TO RECEIVE SECRETARIAT'S PRELIMINARY ANALYSIS OF ECONOMIC IMPACT, WHICH WE REPORT

SEPTEL.  
ROGERS

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, FOREIGN RELATIONS, PRICES, IMPORT QUOTAS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 DEC 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** hilburpw  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973OECDP33075  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** OECD PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t1973123/aaaaabud.tel  
**Line Count:** 171  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** USMISSION OECD 32727  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** hilburpw  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28-Aug-2001 by garlanwa>; APPROVED <16-Oct-2001 by hilburpw>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** IMPACT OIL PRICE HIKE ON OECD IMPORT BPL  
**TAGS:** ENRG, ECON, EFIN, OECD  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005